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## Indonesia

### Agricultural Situation

### Indonesian Seed Regime

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**Report Highlights:**

The Indonesian seed industry is continue growing in line with the increasing demand from horticultural farmers and the government free food crops seed assistance program in 2007. The Indonesian seed industry is regulated mainly with the issuance of the Minister of Agriculture Regulation No. 37, 38, and 39/ Permentan/OT.140/8/2006 stipulated on August 31, 2006.

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## I. SITUATION AND OUTLOOK

### Horticultural Seeds

The Indonesian horticultural seed industry is expected to continue growing in line with the increasing demand from farmers. The higher price of hybrid seeds compared to composite seeds is offset with an approximately 20 percent higher yield. Around 80 percent of the hybrid vegetable seed planted in Indonesia is currently produced in Indonesia while the balance is imported. Hybrid vegetable seed (70 percent) holds the biggest market share of all Indonesian imported horticultural seed. New Zealand (40 percent), Thailand (29 percent), and Japan (14 percent) have been the dominant suppliers of vegetable seed to Indonesia.

### Food Crop Seeds

The GOI is currently trying to increase Indonesian rice, corn and soybean production by providing farmers with a seed assistance program valued approximately IDR 1.04 trillion (US\$ 114 million). This program is expected to further raise the use of hybrid rice and corn seed. Farmers were expecting to receive the free seed before the start of the second planting season in March 2007, however the short period of time to purchase the seed has made some provincial governments refuse this program and therefore calls into the question the effectiveness of this program. The Allocation Plan for rice, corn, and soybean Seed assistance for 2007 is shown in the following table:

Seeds Variety	Budget Allocated (IDR million)	Planted Area (Ha)	Volume ( Ton)
Non Hybrid Paddy	518,115	4,161	104,033
Hybrid Paddy	94,607	181,121	2,717
Hybrid Corn	273,886	542,117	8,132
Composite Corn	25,317	100,840	3,025
Soybeans	102,963	313,498	12,540

Source: Ministry of Agriculture, March 29, 2007.

The corn seed industry reports that the planted area of hybrid corn is expected to reach almost 825,000 ha in 2007, up from 725,000 ha in 2006. However, farmers are still reluctant to use hybrid rice seed due to the intensive farming system required to gain the best yield, and different quality traits, i.e., taste and texture.

Approximately IDR 450/kg Import Duty is currently imposed on the imports of rice seed as it is classified as HS code 1006.10.00 unhusked rice instead of HS code 1006.10.10 unhusked rice seed suitable for sowing. No import duty is imposed on the import of other seed variety.

## II. POLICY

The Indonesian seed industry is regulated mainly with the issuance of Minister of Agriculture Regulation No. 37, 38, and 39/Permentan/OT.140/8/2006 on August 31, 2006. Following is the summary of Indonesian seeds regime.

**The Regulation of the Minister of Agriculture No. 37/Permentan/OT.140/8/2006 on Variety Testing, Evaluation, Release, and Withdrawal:**

The objective of this regulation is to become the basis for variety testing, evaluating, release, and withdrawal to affirm that the varieties distributed in the market have potential quality and will not be harmful to environment and community.

Every variety whether domestically produced or imported introductory varieties proposed to be released in Indonesia must undergo an adaptation test for seasonal crops or observation test for annual crops. Before conducting the test, the requestor must report to the National Seeds Agency (Badan Benih Nasional = BBN). Tests are evaluated by BBN supported by the Variety Evaluation and Releasing Team. The results are reported to the Minister of Agriculture. After completing the test, introductory varieties must attach the license from the variety holder, hybrid varieties must attach the parent seed description, and genetically modified organism must meet the bio security requirement.

All written proposals for tested and named variety release must be submitted to the Minister of Agriculture through BBN. Every introductory hybrid variety must document that the seed can be produced in Indonesia, and must attach a guarantee letter from the seed release requestor containing a statement that the F1 hybrid seed will be produced in Indonesia within two years after the date of the release.

Based on the BBN recommendation, the Minister of Agriculture can release the variety to the market or reject the variety. A released variety will be published in a Minister Decision letter on variety release, while rejected variety will be informed in a written notification containing the refusal reason. An already released variety can be withdrawn from the market if it is proven to spread new and dangerous pests and/or disease and cause some loss to environment and community.

**The Regulation of the Minister of Agriculture No. 38/Permentan/OT.140/8/2006 on Seed Import and Export:**

The objective of the regulation is to guarantee the genetic resources sustainability, to improve genetic resources diversity, to maintain bio security, to guarantee seed availability, to develop domestic seed industry, and to increase national income. This regulation covers import and export licenses.

Seed for research purposes or non-research purposes can be imported after receiving a license from the Minister of Agriculture.

To acquire an import license for research purposes, a person, a legal entity or a government institution must meet the following requirements:

- The amount of seed or parent seed is limited only to meet the research needs stated in the summary of research proposal.
- The seed or parent seed are not available in Indonesia
- Must be completed with a seed description
- Must comply with the plant quarantine law.

The Head of the Agricultural Research and Development Agency will issue the import license for research purposes and must receive the import realization report from the importer.

To acquire the import license for non-research purposes, a person, a legal entity or a government institution must meet the following requirement:

- The variety must exhibit potential quality, uniqueness, and specific uses.
- The amount of seed is limited only to adjust with the seed release preparation.

- The seed has already been released in the Indonesian market but are not sufficient to meet domestic demand or the propagation cannot be conducted in Indonesia.
- Must comply with the plant quarantine law.

The import license for non-research purposes will be issued by the Director General of each crop (Horticulture, Food Crops, and Estate). The import license can be used for:

- variety release preparation
- F1 seed procurement
- plant observer needs
- export objective needs

Imports of transgenic seeds for non-research purposes must pass bio security and food security tests.

The Head of the Agricultural Research and Development Agency and the Director General of each crop who will issue the import license will coordinate with the Head of Agricultural Quarantine Agency.

To acquire a seed import license, an importer must first submit a written request to the Head of License and Investment Center (Pusat Perijinan dan Investasi = PPI) complete with the Information Required for Seed Introduction/Importation to Indonesia. The Head of the License and Investment Center will forward the request to each Directorate General or Head of Agricultural Research and Development Agency within 3 working days after receiving the importer request. The decision to accept, postpone or reject the import request will be issued within 10 working days after they receive the request from the Head of PPI. If no notification is received by an importer after 10 working days, it means that the import license request is accepted. The seed import license will be valid for six months, and import must be completed within that period of time.

The importer must submit the seed or parent seed import license to quarantine officials at the entrance point. The seed or parent seed importer must:

- Have a data record of the imported seed and must keep the record for one year.
- Report to the Head of Agricultural Research and Development Agency or Director General with a cc to Head of PPI on the import progress.

In addition to this regulation, the Decision of the Head of the Agricultural Quarantine Agency No. 152/Kpts/PD.540/L/8/03 stated that the import of seed must:

- be accompanied with a Phytosanitary from the country of origin and transit country.
- through the determined entrance point.
- be reported and delivered to Plant Quarantine Officials at the entrance point for quarantine treatments.
- be accompanied with Import License form the Min. of Ag or appointed officials.
- Quarantine officials will ask for the original copies of the phyto and import license, copies of invoice, packing list and airway bill or bill of lading.

A similar procedure is imposed on seed export.

#### **The Regulation of the Minister of Agriculture No. 39/Permentan/OT.140/8/2006 on F1 Seeds Production, Certification, and Distribution.**

The objective of this regulation is to guarantee the sustained availability of high quality seed, to guarantee the type, variety/clone/hybrid and quality of distributed seed, and to accelerate the variety socialization and technology transfer to seed end users.

F1 seed can be classified into breeder seed, foundation seed, stock seed, and extension seed.

To be able to produce F1 seed, a person, a legal entity, or a government institution must :

1. own land, sufficient seed processing infrastructure, and human resources with a seed background.
2. employ a minimum of 10 employees, must have a minimum of IDR 500 million assets (excluding land and building), a minimum of IDR 5 billion sales income.

The request for a seed production license is submitted to the Head of a Regency/Municipality Seed Agency. If the second requirement is not fulfilled, then they will only be registered by the Head of a Regency/Municipality Seed Agency. A seed producer must take the responsibility of the quality of seed they produce and must comply with all the seed regulation.

To produce an F1 seed, a producer must go through a seed certification process by submitting a written request for certification to a government institution dealing with quality monitoring and seed certification. When seed producers have obtained the certification and an approval from Products Certification Agency, they can implement the SNI (Indonesian National Standard) Signed Products Certificate.

A laboratory test is conducted to find out the physical and physiological seed quality. The lab test must represent a seed group that has already passed the certification process, have a clear grouping process, and have a homogeneous quality. Seed test guidelines will refer to the International Seed Testing Association (ISTA).

F1 seed that has passed the certification process and will be distributed to the market must be labeled with "BENIH BERSERTIFIKAT" and the label serial number on the package. The label must be easily seen and not easily removed. The color of the label will be based on the seeds classification:

- breeder seed : yellow
- foundation seed : white
- stock seed : purple
- extension seed : blue

For vegetable seed or seasonal fruit seed packaged in small size packs, the producer can put a dot sign with color matched to each class of seeds. The package of F1 seed that have been exposed to certain pesticide or dangerous chemical materials must be made of a durable packing material.

Although no Indonesian quarantine lab has been accredited by ISTA, the Ministry refers to the International Standard for Phytosanitary Measures from the United Nations Food and Agriculture Organization for every quarantine inspection and action taken. However, seed industry reports some cases when Indonesian labs showed a different understanding of what is classified as a seed borne disease. There was also a report that a certain pest or disease that was declared absent on the phytosanitary certificate, was found during the test in Indonesian lab. When such a case occurs all of the imported seed must be burned, and with no chance for re-export.